

MPU 3362 — KIAR

COMPREHENSIVE EXAM REVISION NOTES

Kursus Integriti dan Antirasuah | Modules 1-10

MODULE 1 — Introduction to KIAR

KIAR Full Name: Kursus Integriti dan Antirasuah (Integrity and Anti-Corruption Course)

Course Code: MPU 3362

Agreed by: JKKMAR (Special Cabinet Committee on Anti-Corruption) — Series 14, 19 April 2021

Offered as elective: Certificate, Diploma and Bachelor's degree levels in all HEIs from 2021

Strengthened as MPU: From 2023 onwards

Key Purposes of KIAR:

- Instil zero tolerance and zero compromise towards corrupt practices
 - Prepare students with ethical thinking before entering the workforce
 - Increase knowledge about integrity, ethics and anti-corruption
 - Students become agents of change in combating corruption
 - Shape future generations with integrity and good ethics
-

MODULE 2 — Integrity is the Core of Prosperity

KEY DEFINITIONS

Integrity: From Latin word "integer" meaning whole, complete, firm unity and integrity. Encompasses trustworthiness, honesty, patience, refraining from corrupt practices, being responsible and exhibiting positive characteristics.

Ethics: A collection of values and norms that influence the behaviour and actions of individuals, organisations and society. Identifies what is "right and wrong" and "good and bad".

Corporate Governance: A system of regulations, actions and processes based on corporate accountability to manage a company's business affairs. Aims to achieve long-term shareholder value without disregarding stakeholders.

Governance: The manner or system of administration, managing and overseeing policies, functions or operations of a corporation or state.

4 IMPORTANT ELEMENTS OF GOOD CORPORATE GOVERNANCE

- i) Establishing a code of ethics
- ii) Encouraging diversity and inclusivity
- iii) Transparency

- iv) Sustainability in administration

4 PERSPECTIVES OF INTEGRITY (Stanford Encyclopedia of Philosophy 2004)

- a. Perseverance in personal values
- b. Commitment to personal values
- c. Commitment to community values
- d. Commitment to pure values

4 FACTORS THAT COMPROMISE INTEGRITY

Factors That Compromise Integrity:

1. Leadership	Leaders who do not set a good example, fail to adhere to laws/procedures, or issue directives that contradict regulations.
2. System & Procedure	Lack of transparency, weakness in systems, ineffective enforcement, inadequate monitoring, limited resources, outdated legal frameworks.
3. Structure & Institution	Overlapping duties/responsibilities, untidy structure, lack of coordination, conflicting institutional goals.
4. Culture	A culture that does not prioritise integrity leads individuals to be indifferent, irresponsible and pass off responsibility to others.

HIGH-RISK JOB SECTORS (9 Sectors)

- a. Public and Government Sector — corruption, nepotism, abuse of power
- b. Business and Financial Sector — fraud, market manipulation, false financial reports
- c. Medical and Healthcare Sector — purchase of counterfeit medical equipment, inflated treatment fees
- d. Education Sector — misappropriation of funds, false assessment, manipulation of academic information
- e. Media and Communication Sector — dissemination of fake news, manipulation of information
- f. Information Technology Sector — cyber attacks, data theft, unauthorised use of personal information
- g. Enforcement and Uniformed Units — abuse of power, corruption in procurement of defence equipment
- h. Agriculture and Environmental Sector — illegal logging, land misuse, environmental pollution
- i. Sports and Recreation Sector — match-fixing, drug use, age manipulation
- j. Construction and Infrastructure Sector — shoddy work, document forgery, inflated project costs

GOVERNMENT INITIATIVES — Key Dates

- BPIA established: 1 June 2013
- UI (Integrity Units) in public agencies: 522 as of 31 August 2023
- IGU (Integrity & Governance Units) in GLCs: 632 as of 31 August 2023

- NACP (National Anti-Corruption Plan) 2019–2023: 5-year plan, 6 strategies, 17 strategic objectives, 115 initiatives

MODULE 3 — Corruption is Scorned, Dignity is Built

Arabic origin of "corruption": Risywah

CPI (2023): Malaysia scored 50 points

Youth arrests (2018–2022): 49.7% of MACC arrests involved youths

Global corruption cost: USD 2.6 trillion annually (5% of global GDP)

5 ELEMENTS TO CONSTITUTE AN ACT OF BRIBERY □

1	The individual or entity who is GIVING the bribe
2	The individual or entity who is RECEIVING the bribe
3	The BRIBE (subject matter) — thing of value exchanged
4	QUID PRO QUO (Something for something) — exchange of benefit for an act/omission
5	MALICIOUS INTENT — the corrupt motive or dishonest purpose behind the transaction

6 MINDSETS OF A CORRUPT PERSON □

- 1. Dominated by High Ambition and Greed — "He can be rich, why not me?"
- 2. Victim of Circumstances / Fear of Isolation — "If I don't take bribes, my colleagues will isolate me"
- 3. Leadership Through Example — "The boss is the same. I'll just follow the boss."
- 4. Once Missed, Forever Lost Mindset — "So far, everything is fine. Dare to do, dare to bear."
- 5. Disappointment Syndrome — feels unfairly treated, not recognised despite hard work
- 6. For the Sake of Survival — low salary, high cost of living, "Without side-income, life is tough."

MODULE 4 — Anti-Corruption and Integrity Empowerment Agency

MACC CHRONOLOGICAL HISTORY □

Jan 1958	Shah Nazir Alam (Pakistan) requested to study corruption issues in Malaysia
26 Apr 1958	Shah Nazir Alam submitted findings, proposed dedicated agency
1959	Anti-Corruption Agency set up under PM's Department

1 Oct 1967	ACA (Anti-Corruption Agency) formally established
29 Aug 1973	ACA renamed to NBI (National Bureau of Investigations)
13 May 1982	NBI renamed BACK to ACA
1 Jan 2009	MACC officially commenced operations under MACC Act 2009

MACC's 3 MAIN STRATEGIES

- 1. Enforcement
- 2. Prevention
- 3. Community Education

5 BODIES THAT MONITOR MACC □

1. ACAB	Anti-Corruption Advisory Board — advises MACC on policies and strategies; established under Section 13 MACC Act 2009
2. SCC	Special Committee on Corruption — 7 members from Senate and House of Representatives (govt & opposition); established under Section 14; advises PM
3. CC	Complaints Committee — monitors MACC's handling of complaints regarding misconduct; established under Section 15
4. OPR	Operations Review Panel — monitors Investigation Papers and decisions by Deputy Public Prosecutors; ensures no cases are hidden
5. CCpp	Consultation and Corruption Prevention Panel — advises on examination, consultation and community education activities

SUPPORTING AGENCIES

GIACC	National Centre for Governance, Integrity & Anti-Corruption. Established June 2018. Leading authority on governance & integrity.
INTEGRITI (IIM)	Malaysian Institute of Integrity. Established 4 March 2004. Operational body for GIACC. 3 core functions: Education/Training, Research/Publication, Strategic Cooperation.
EAIC	Enforcement Agency Integrity Commission. Established 1 April 2011. Investigates public complaints of misconduct against enforcement officers.
LKAN (NAD)	National Audit Department. Audits Federal & State Government accounts. Tables Auditor General's Report in Parliament.
PCB	Public Complaints Bureau. Established 23 July 1971 by Tun Abdul Razak. Channel for citizens to lodge complaints against government agencies.

MODULE 5 — Corruption Under the MACC Act 2009

KEY DEFINITIONS OF CORRUPTION

- Transparency International: "Abuse of entrusted power for private gain"
- World Bank: "The abuse of public office for private gain"
- Active Bribery: Giving or offering a bribe
- Passive Bribery: Requesting or accepting a bribe
- "Duit Kopi" — Malaysian informal term for bribery

CORRUPTION OFFENCES UNDER MACC ACT 2009 □

Section 16 & 17(a)	Soliciting or Receiving Gratification — public/private sector individuals accepting bribes
Section 17(b)	Offering/Giving Gratification to an Agent
Section 18	Using Office or Position for Gratification — false claims, submitting false documents
Section 23	Dealing with Property Using False Instruments — officer using position to benefit family/business associates (nepotism, conflict of interest)

PENALTIES (Section 24(1))

- Maximum imprisonment: 20 years
- Minimum fine: 5x value of gratification OR RM10,000, whichever is HIGHER
- Under Pension Act 1980 Section 21(1): Convicted public official loses their pension
- Anti-Money Laundering Act 2001: Fine RM5 million or 5x proceeds, whichever is higher

EXAMPLES OF GRATIFICATION (Section 3)

- Gift: Household furniture given to expedite a financial application
- Service: Overseas tour package given to a director to secure a project
- Discount: 50% off condominium unit given to enforcement officer to approve a non-compliant project

MODULE 6 — Corporate Liability (Section 17A MACC Act 2009)

Enforced on: 1 June 2020

Definition: Responsibility imposed on a corporate entity for actions taken by individuals associated with that entity, where the conduct is intended to benefit the corporate entity.

SUB-SECTIONS OF SECTION 17A □

S17A(1) — Offence	Commercial organisation commits offence if associated person corruptly gives/agrees to give/offers bribe to obtain or
--------------------------	---

	retain business or advantage for the organisation.
S17A(2) — Penalty	Fine: NOT LESS THAN 10x value of gratification OR RM1 million, whichever is HIGHER + imprisonment not exceeding 20 years, or both.
S17A(3) — Offence (Individual)	Directors, controllers, officers or partners involved in management at time of offence are DEEMED to have committed the offence unless they took all reasonable measures to prevent it.
S17A(4) — Defence	Organisation must prove it had "Adequate Procedures" in place to prevent corruption.
S17A(5) — Guidelines	GIACC issues guidelines on Adequate Procedures to assist commercial organisations.
S17A(6) — Associated Person	Director, partner, employee, or someone performing services for the commercial organisation.

TRUST PRINCIPLES — Adequate Procedures ☐☐

T.R.U.S.T

T — Top Level Commitment	Senior management must demonstrate commitment to anti-corruption; set tone from the top; establish anti-corruption policies.
R — Risk Assessment	Identify and assess corruption risks within the organisation; tailor anti-corruption measures to size and type of business.
U — Undertake Control Measures	Implement anti-corruption controls and procedures; ensure employees cannot use bribes for company benefit.
S — Systematic Review, Monitoring & Enforcement	Continuous assessment of anti-corruption policies; appoint internal & external auditors (e.g. ISO 37001); take action against those involved in misconduct.
T — Training & Communication	Provide training to all staff; communicate anti-corruption policies; create awareness throughout the organisation.

INTERNATIONAL ANTI-BRIBERY LAWS

- UK — UK Bribery Act 2010
- USA — Foreign Corrupt Practices Act 1977
- Brazil — Federal Law No. 12,846/2013
- Canada — Criminal Code & Corruption of Foreign Public Officials Act
- Australia — Criminal Code Act 1995

MODULE 7 — White-Collar Crime

Origin of term: Professionals who wear white shirts and ties; non-violent crimes committed using expertise and authority

WHITE-COLLAR vs BLUE-COLLAR CRIME

White-Collar	Non-violent; abuse of power/financial fraud; high-ranking individuals; causes major financial losses; disrupts markets
---------------------	--

Blue-Collar	Involves violence/theft/vandalism; lower socioeconomic backgrounds; causes physical harm; smaller economic impact
--------------------	---

MACAU SCAM

Criminals impersonate bank officers or law enforcement officials (police, MACC, court). They threaten victims with false accusations of drug activities or money laundering, then pressure them to transfer money.

Typical Targets:

- The elderly
- Retirees with savings
- Wealthy individuals
- Individuals who are easily anxious or panicked

PONZI SCHEME

Paying earlier investors using the capital of new investors, rather than from actual business profits.

Warning Signs / Red Flags:

- Guaranteed high returns with little or no risk
- Overly consistent returns regardless of market conditions
- Unregistered investments
- Secretive or complex strategies
- Difficulty receiving payments or withdrawing money
- Heavy emphasis on recruiting new investors

MODULE 8 — Causes, Symptoms and Consequences of Corruption

THEORIES ON CAUSES OF CORRUPTION

Theory of Power Possession	Lord Acton: "Power tends to corrupt and absolute power corrupts absolutely." Without integrity, personal interests outweigh responsibilities.
Theory of Economic Hardship	Low wages and limited income lead to corrupt activities. Vito Tanzi (1998): two perspectives — economic hardship AND greed.
Opportunity & Norms Theory	Corrupt actions driven by availability of opportunities and conditions that facilitate them (John Hogarth 1995).
Weakness Theory	Administrative weaknesses contribute to corruption — shortcomings in enforcement and monitoring mechanisms.
Greed & Opportunity	John Hogarth: "Corruption is a product of greed and opportunity." Both must exist simultaneously for corruption to occur.

THE FRAUD TRIANGLE (Donald R. Cressey) □□

3 Factors:

1. PRESSURE	Financial pressure: debts, overdue bills, luxurious lifestyles, addiction (drugs/alcohol/gambling). Work-related pressure: unrealistic performance targets, workload not matching salary.
2. OPPORTUNITY	A low-risk "pathway" for fraud. Arises from weak internal controls, lack of oversight, complex bureaucracy, lack of separation of powers. e.g. employee is the only one who knows how to perform a particular task.
3. RATIONALISATION	Perpetrators do not see themselves as criminals. They see themselves as honest people trapped in wrong circumstances. Create logical excuses to justify wrongful actions.

THE FRAUD DIAMOND MODEL (Wolfe & Hermanson, 2004) □□

Expanded from Fraud Triangle by adding a 4th element:

4th Element:

4. CAPABILITY (Individual Capacity)	The ability to commit corruption. Exists when someone holds POSITION, OPPORTUNITY and POWER within an organisation. Has access to resources, decisions and influence. Knows how to manipulate work processes and is confident the act will not be detected.
--	---

5 SYMPTOMS OF CORRUPTION □□

Symptom 1	SUDDEN CHANGE IN LUXURIOUS LIFESTYLE — Standard of living disproportionate to legitimate income; suspicious sources of wealth.
Symptom 2	FALSIFICATION OF SOURCE OF WEALTH — Under Section 36(1) MACC Act, MACC can request asset declarations. Failure to explain excess property violates Section 36(3).
Symptom 3	STAYING IN SAME POSITION WITH NO CHANGE IN SCOPE OF DUTIES — Long tenure increases risk; officer becomes fully aware of all procedures and loopholes.
Symptom 4	CLOSE RELATIONSHIP WITH PARTIES HAVING VESTED INTERESTS — Overly close with suppliers/contractors; taking holidays together, frequent dining, repeated gifts, suspicious phone calls.
Symptom 5	EMPLOYEES RESIGN WITHOUT NOTICE AND IN HASTE — May indicate illegal activities have been detected OR the individual is satisfied with profits already made.

CONSEQUENCES OF CORRUPTION

- Economic: Losses estimated at 5% of global GDP = USD 2.6 trillion annually; USD 1 trillion paid as bribes each year

- Decline in foreign investment due to low CPI ranking
- Increased costs of goods and services due to bribery in procurement
- Threat to national security: smuggling of firearms and drugs, protection of criminal activities
- Environmental damage: illegal logging, pollution, wildlife trafficking
- Social unrest and riots due to public dissatisfaction
- Company employees sell confidential information to competitors for personal profit
- Project delays or abandonment due to corrupt contractors

MODULE 9 — Fight Corruption! Report, Prevent and Government Initiatives

HOW TO REPORT CORRUPTION TO MACC

- Visit any MACC office in person
- Toll-Free Line: 1-800-88-6000 / Regular: 03-8870 0688
- SMS: 019-6000 696 / Fax: 03-8870 0934
- Email: info@sprm.gov.my
- MACC Portal — Complaints Management System (CMS) — accessible since July 2012
- Send letter to PO Box 6000 (postage-free)
- Mobile app via AppStore and Google Play

CMS — COMPLAINTS MANAGEMENT SYSTEM

- Available since July 2012
- Serves as "one stop centre" for all information from various sources
- Provides online platform for corruption complaints
- Allows complainants to check status of their complaints

INFORMANT vs WITNESS □

INFORMANT	Makes confidential disclosure of corrupt act; not actively involved in corrupt act; disclosure based on reasonable belief; protected under WHISTLEBLOWER PROTECTION ACT 2010
WITNESS	Direct knowledge through sight, hearing and involvement in criminal behaviour; becomes trial witness in court; protected under WITNESS PROTECTION ACT 2009

TYPES OF PROTECTION (Whistleblower Protection Act 2010)

- Protection against retaliatory actions towards whistleblowers
- Protection when informant faces action by a department or company
- Confidentiality of the informant's identity
- Immunity from civil, criminal or disciplinary actions resulting from the disclosure

Conditions for Protection:

- The informant must be willing to be identified by MACC
- If disclosure made through mail/email/phone/SMS, informant must provide identity and contact details
- If informant CANNOT be identified, no protection can be provided

8 GUIDELINES TO AVOID GETTING INVOLVED IN CORRUPTION □

- 1. Do not say "YES" to the invitation
- 2. Be cautious with excessive praise — can cause loss of self-awareness
- 3. Never display behaviour that can be construed as begging or soliciting
- 4. Do not get accustomed to accepting any form of hospitality from those with official dealings
- 5. Avoid discussing personal or family matters with those who have official dealings
- 6. Befriend honest individuals who can advise and guide you
- 7. Avoid getting too close in relationship with companies that have official dealings
- 8. Reject offers or temptations firmly

GOVERNMENT INITIATIVES (11 Main Initiatives)

- I. Establishment of MACC
- II. Providing awareness and education about corrupt practices
- III. Implementation of stringent laws (MACC Act 2009, Whistleblower Protection Act 2010)
- IV. Enforcement of integrity within the civil service
- V. Implementation of risk management and compliance systems
- VI. International cooperation (member of Transparency International)
- VII. Utilisation of technology and innovation (e-management, e-procurement, e-monitoring)

NACP 2019-2023 — 6 Main Areas

- 1. Political governance
- 2. Public sector administration
- 3. Public procurement
- 4. Legislation and judiciary
- 5. Law enforcement
- 6. Corporate governance

OTHER GOVERNMENT INITIATIVES — Key Dates

- Special Corruption Court: Established 16 February 2011
 - Corruption Offenders Database: Available on MACC website from 4 March 2010
 - Asset Declaration Portal: Supervised by MACC; members of administration declare assets every 2 years
 - Anti-Bribery Management System: MS ISO 37001
-

MODULE 10 — Social Institutions in Cultivating Integrity & Anti-Corruption

2 MAIN COMPONENTS OF INTEGRITY

- 1. Individual Integrity — quality values in the soul of individuals such as honesty and high moral practices
- 2. Organisational Integrity — implementation of ethical codes, customer charters, work systems and compliance with quality practices

5 MAIN SOCIAL INSTITUTIONS

- Family | Religion | Education | Media | Politics

STRATEGY J.I.W.A □□

J.I.W.A

J — Juang (Struggle)	Perseverance and spirit of determination in promoting integrity. Social institutions actively instil the spirit of struggle. Educators instil moral values such as perseverance among students.
I — Inisiatif (Initiative)	Proactive steps to foster integrity within social institutions. Ensuring integrity values are applied in all aspects of life. Planning and programs to raise awareness. Suitable for family institution — parents discuss pure values with children.
W — Wow (Wow Factor)	Creating the best implications or strong effects to shape integrity. Lectures, practical experiences and programs create significant impact in raising awareness about integrity.
A — Agama (Religion)	Religion plays a critical role in building moral values and ethics. Source of pure values: honesty, cooperation, diligence, discipline and compassion. Religious institutions serve as the best moral guidance for humanity.

ROLE OF FAMILY INSTITUTION

Parents are the PRIMARY AGENTS in shaping children's personalities and attitudes.

3 Methods of Education within the Family:

- 1. Leadership by example — parents are the closest role models; children follow parents' practices
- 2. Education on responsibility and integrity — advice on justice, reliability and honesty
- 3. Fostering awareness of the importance of integrity — through family discussions

6 Values for Strong Family Integrity:

- I. Loyalty — first foundation for establishing good values within the family
- II. Fairness — equality in treatment; helps family members think critically
- III. Confidence — fosters open communication and mutual respect
- IV. Trustworthiness — cultivates foundation of trust; fosters loyalty
- V. Conscience — caring for feelings of family members; builds a loving family

- VI. Joy — reduces stress and creates positive environment

ROLE OF RELIGIOUS INSTITUTIONS

2 approaches to fostering integrity:

- 1st Approach: Continuously raising awareness among the public through religious lectures, social media and religious education programs
- 2nd Approach: Serving as organisational models for cultivating integrity by practising integrity values within their own management and administration

7 Principles for Individuals in Religious Institutions:

- I. Sincere intention
- II. Noble ethics
- III. Sense of responsibility
- IV. Diligence
- V. Sincere deeds
- VI. Self-confidence
- VII. Trustworthiness in actions

ROLE OF EDUCATIONAL INSTITUTIONS

3 Stages: Preschool → School → Higher Education Institutions (HEIs)

Collaboration: Ministry of Higher Education + Malaysian Integrity Institute = "Rakan Integriti Malaysia" since 2010

5 Elements in Cultivating Integrity through Education:

- I. Diligence — the ability to detect dishonesty or actions contrary to moral values
- II. Practice — practising honest, fair and pure values in every individual action
- III. Critical thinking — the ability to make accurate judgements between right and wrong
- IV. Values — applying honesty, trustworthiness and anti-corruption in individual actions
- V. Religion — provides guidance through its system of values and ethics

ROLE OF MEDIA INSTITUTIONS

6 Strategies to Cultivate Integrity on Social Media □:

Social Media Integrity Strategy

1. Don't be easily influenced	Be cautious about accepting information. Avoid being influenced by fake news that can damage integrity.
2. What's the source?	Identify reliable and credible sources before sharing. Check news sources, author background, and platform credibility.
3. Integrity values in every action	Apply integrity principles in every action on social media. Cultivate high culture of interaction and information sharing.
4. Think first	Give consideration before disseminating any information. Contemplate the impact of a post or share. Avoid unnecessary controversy.
5. Analyse before believing	Verify authenticity of information. Use analytical skills and fact-checking. Seek alternative sources.
6. Send responsibly	Share information and messages carefully to avoid damaging

relationships or harming other social media users.

□ QUICK REFERENCE — KEY NUMBERS & DATES

Must-Know Numbers & Dates

KIAR Course Code	MPU 3362
JKKMAR Decision	19 April 2021 (Series 14)
MACC Established	1 January 2009
ACA Established	1 October 1967
NBI Period	29 Aug 1973 - 13 May 1982
BPIA Established	1 June 2013
INTEGRITI Established	4 March 2004
EAIC Established	1 April 2011
PCB Established	23 July 1971 by Tun Abdul Razak
GIACC Established	June 2018
UI (Public Agencies)	522 as of 31 August 2023
IGU (GLCs)	632 as of 31 August 2023
Section 17A enforced	1 June 2020
S17A(2) Penalty	10x gratification value OR RM1 million (whichever higher) + max 20 years jail
Section 24(1) Penalty	Max 20 years + min 5x gratification or RM10,000 (whichever higher)
Special Corruption Court	Established 16 February 2011
Corruption Offenders DB	Available from 4 March 2010
CMS Available	Since July 2012
NACP	2019–2023; 6 strategies; 17 objectives; 115 initiatives
Fraud Diamond Model	Wolfe & Hermanson, 2004
Fraud Triangle	Donald R. Cressey
Lord Acton quote	"Power tends to corrupt and absolute power corrupts absolutely"
Malaysia CPI 2023	50 points
Global corruption cost	USD 2.6 trillion / year (5% of global GDP); USD 1 trillion in bribes
Youth arrests (MACC)	49.7% of arrests (2018–2022) involved youths
Rakan Integriti Malaysia	Collaboration since 2010 (MOE + IIM)
Bribery elements	5 elements: Giver, Receiver, Bribe, Quid Pro Quo, Malicious Intent
TRUST Principles	Top Level Commitment, Risk Assessment, Undertake Control Measures, Systematic Review, Training & Communication
J.I.W.A Strategy	Juang, Inisiatif, Wow, Agama

END OF REVISION NOTES — GOOD LUCK IN YOUR EXAM! □